

FIA Progress Report

1977

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The purpose of this Progress Report is to provide an official summation of FIA's activities during the Association's 1977 — 1978 year. By highlighting significant FIA actions, portraying recent Forging Industry trends and drawing conclusions from each of these, this report focuses attention on FIA's expanding role and growing stature. Members will want to retain Progress Reports to provide a continuing series of useful reference information.

Robert W. Atkinson
Executive Vice President and Treasurer

Introduction of formal education, coordinated small business efforts oriented to national issues and active opposition to government regulatory efforts were key activities characterizing the Association's 1977-78 year of progress.

The newly-created "Institute for Forging Die Design" graduated a total of 66 students in its initial two classes held in February and April 1978 at Ohio State University/Battelle facilities in Columbus.

Nearly 1000 small-business leaders from the five national trade associations comprising the Alliance of Metalworking Industries rallied in Washington on January 24 to express concern about the Labor Reform Act. Coming from 30 states, the delegates visited more than 60 Senate offices to explain how the "so called" Labor Law Reform bill (S.1883/S.2467) would affect their businesses.

Forging Industry viewpoints on OSHA noise regulations were expressed in noteworthy fashion through an amicus brief in the successful Turner case, through an hour-long session on November 11 with OSHA chief Eula Bingham and through April 13 action by the Board of Directors authorizing an infusion of "legal muscle" to supplement current assistance provided by the Association to forge plants who have been cited for noise.

These actions and other meaningful services were instrumental in attracting more than 20 new member companies to FIA for the fourth successive year. 179 companies operating 217 forge plants plus 58 suppliers now represent FIA's portion of the forging community.

Progress in this year's activities are summarized on the following pages to emphasize the "new" while also providing status reports on continuing programs which transcend any one year of operation.

HIGH-PROFILE OPPOSITION TO OSHA NOISE REGULATIONS

Despite Department of Labor opposition, an FIA amicus brief filed June 4, 1977 in the Turner case was accepted by the 7th Circuit Court. On August 31, 1977, the court decided in favor of the Turner Company saying that "Feasible . . . must be given its ordinary and common sense meaning of 'practicable' . . . accordingly, the Commission erred when it failed to consider relative cost of implementing engineering controls in Turner's plant versus the effectiveness of an existing personal protective equipment program . . ."

This represented the second time in the space of five months that an FIA-sponsored amicus brief helped achieve significant results in a major OSHA noise case. (The earlier Continental Can case was won in April 1977 when the Department of Labor withdrew its appeal).

Strong congressional support of FIA in its noise efforts was evidenced by participation as an integral part of a Forging Industry delegation which met on November 11, 1977 with OSHA chief Eula Bingham and six of her top aides. Accompanying FIA President W. T. Walker, J. R. Carter and R. W. Atkinson were representatives from the following offices: John B. Anderson (R-16, Illinois); Allen E. Ertel (D-17, Pennsylvania); Austin J. Murphy (D-22, Pennsylvania); Ralph S. Regula (R-16, Ohio); and Senator Richard G. Lugar (R-Indiana).

Key points emphasized: (1) the many past and continuing evidences of "good intent" on the part of forging producers to tackle the problem of forging noise; (2) the need to recognize — officially — personal hearing protection equipment as an alternative to costly and less effective engineering/administrative controls; (3) the psychology involved in personal hearing protection equipment is no different than that encountered in the past as hard hats, glasses and foot protection were introduced on the industrial scene; (4) the threat of workmen's compensation benefits for workers' loss of hearing is in itself strong inducement for companies to provide quality protection and audiometric programs; and (5) the need for a closer FIA relationship with OSHA headquarters to avoid the current rash of needless but costly noise citations.

By early 1978 many close observers of the OSHA scene had come to the regretful conclusion that release of OSHA's anticipated noise regulations would be long delayed — and might possibly never occur! Coupled with recent increases throughout the nation of OSHA inspections and citations for noise involving forging operations, the Association's Board of Directors on April 13, 1978 authorized an infusion of "legal muscle" to combat OSHA citations.

To supplement assistance and support provided by FIA to forging plants cited for noise, the Directors authorized immediate preparation by counsel of researched, broadened defenses for use under three specific circumstances: (1) at initial citation; (2) at repeat citation; and (3) at the expiration of an abatement period. Availability of these "beefed-up" defenses through FIA should encourage each forging company cited for noise to take full advantage of the facts developed. It is hoped that results achieved will dissuade OSHA from initiating unjustified citations.

Financing is being sought through voluntary contributions ranging from \$150 to \$450 per company based on company-wide employment. Member and non-member contributions will be designated as the "OSHA Defense Fund," maintained entirely separate from the FIA Operating Budget.

This action is seen as an important initial step in what could lead to further, more serious steps to combat OSHA noise regulations/citations. The unique nature of Forging Industry noise and the availability of significant noise research published by Forging Industry Educational and Research Foundation argues for pursuit of high-profile actions in seeking reasonable solutions for the Forging Industry.

INSTITUTE FOR FORGING DIE DESIGN

An entirely new concept of formal education within the Forging Industry became reality during the week of February 5-11, 1978 when the first class of 30 students was graduated from FIA's Institute for Forging Die Design. (See photo below). Originally conceived two years ago by the Association's Maintenance and Plant Engineering Committee (D.E. Lindell, chairman) the idea was brought to fruition by the Special

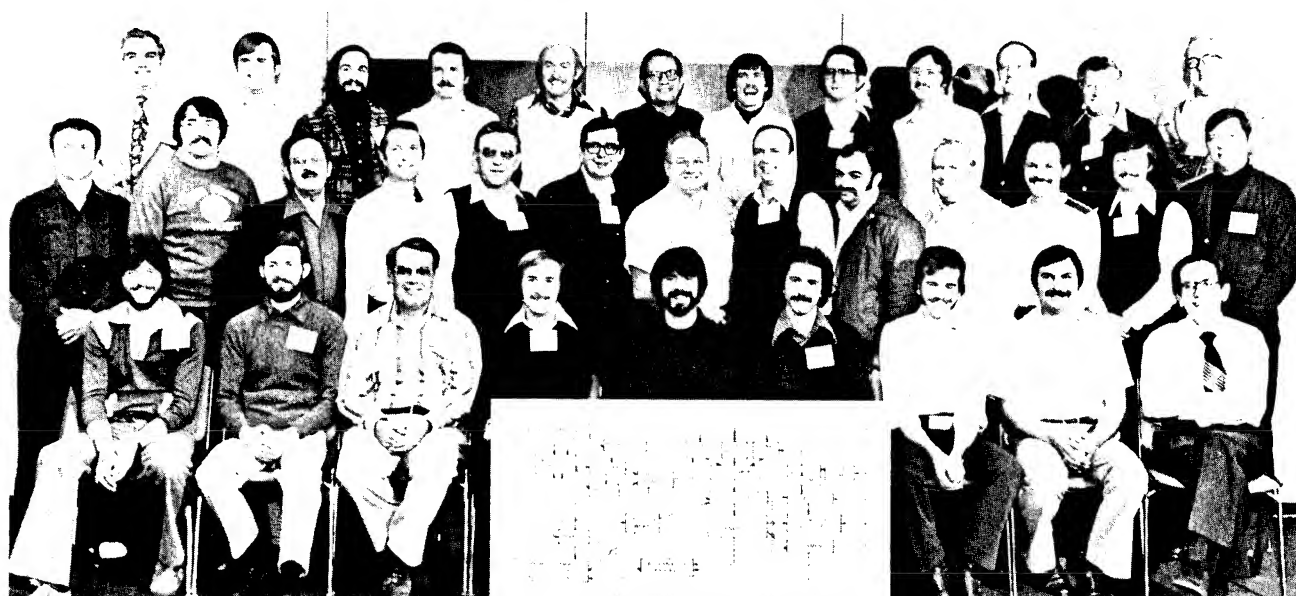
Project Committee on Die Design Curriculum (successive chairmen: Z.P. Saperstein and R.M. Carbone).

Curriculum Director Dr. John A. Schey programmed a challenging blend of 22 hours of lecture, 8 hours of laboratory sessions and 12 hours of problem-solving sessions. He also selected the following team of instructors to assist him in presenting the course: Dr. Taylan Altan and Dr. Vijay Nagpal (Battelle); the late Dr. J. W. Spretnak (Ohio State); L. G. Drabing (consultant) and M. F. Henley.



G. W. Weinfurter, FIA's director of engineering and technical services, ably provided staff responsibility and coordination during the entire two years of the Institute's development; he deserves special recognition for his foresight, creativity and energy in assuring a firm foundation for formal education within FIA. Interest was so high for enrolling in the initial class, FIA's Executive Committee conducted a special lottery to guide selection.

While this initial week-long course represented a blend of theoretical/practical knowledge, follow-on courses are now being developed under Dr. Schey's guidance for 'impact' and for 'squeeze' operations and should be ready in the coming year.



Significantly, the concept of expanded opportunities for formal education within the Forging Industry received special impetus on February 21, 1978 when the Directors authorized a Special Project Committee for Efficient Energy Utilization Education.



STAFF CHANGES

C. H. (Charlie) Hageman, 31, joined FIA's staff on September 12, 1977 with initial primary responsibilities in training and education. A 1968 graduate of Kent State University with a BBA in business/economics, Charlie came to FIA from a management training program in the insurance industry. For four years previously he had researched and written investment reports on all Ohio municipal bond sales. He is also a former communications systems officer in the U.S. Air Force where he rose to the rank of Captain.

In his first eight months at FIA Charlie assumed administrative responsibilities for the Board, Ceco and Steam Hammer Operator Training programs, the Neighborhood Noise School, and under George Weinfurter's guidance, he coordinated the administrative details for the Institute for Forging Die Design, including housing, student and faculty schedules and preparation of the 300-page course manual.

REVISION OF ILLINOIS NOISE REGULATIONS

Little has happened recently in this long-standing case to contest unnecessarily stringent neighborhood noise regulations in Illinois. The Forging Industry's 1973 suit remains untouched, as anticipated. Our actions in 1975 and 1976 to propose revisions to the existing noise regulations and provide thorough supporting documentation by outside consultants was completed in mid-1977 via hearings before the Pollution Control Board (PCB).

The PCB subsequently ordered the Illinois Institute for Environmental Quality to provide an economic impact report based on all testimony received. This was only recently completed. Its influence is expected to strengthen support for Forging Industry positions. Special Illinois Counsel feels that a decision by the Pollution Control Board could be forthcoming during the Winter of 1978-79.

ALLIANCE OF METALWORKING INDUSTRIES

At a November 29, 1977 meeting in Washington, D.C. of the Alliance of Metalworking Industries' Executive Council, FIA's Van Smith was elected chairman of AMI for a two-year term covering calendar years 1978 and 1979.

The AMI Small Business Fair Labor Law Rally in Washington, D.C. on January 24, 1978 (highlighted earlier in this report) was notable because it was the first time that AMI members converged on the Nation's capitol in such numbers (nearly 1000 small businessmen) to battle just one issue. Delegates were briefed on the "so-called" Labor Law Reform bill (S.1883/S.2467) in the morning, and rallied on the steps of the Capitol at noon where they were addressed by Senators Hatch (Utah) and Tower (Texas), leading opponents of the bill, who advocated a filibuster as the only way to defeat it. Thereafter, small delegations fanned out and ultimately visited more than 60 Senate offices to voice objections to the bill.

AMI's third-annual Legislative Liaison Conference was held in Washington, D.C. on March 8-9, 1978 with some 110 metalworking executives on hand from the five member associations. Van Smith chaired the meeting and M.N. Winn, FIA's director of governmental affairs and industrial relations, for the second year in a row was one of three staff executives responsible for planning the Conference. A Capitol Hill reception and a day of Congressional visits enabled well-informed delegates to discuss concerns of small metalworking companies — particularly relating to tax reform, labor law reform, the Humphrey-Hawkins bill and product liability — with their respective elected officials.



The five member associations who comprise AMI represent forging, screw machine, spring, stamping and tool & die manufacturing operations whose industries in 1977 accounted for more than \$21 billion of annual sales and who provide jobs for some 670,000 employees in more than 14,000 plants. These metalworking companies average 47 employees each — truly small business.

Meanwhile, the Illinois Fund looks like this as of mid-April 1978:

		No. of Firms
Income:		
Contributions from Illinois Companies (on pro-rata basis)	\$105,990	30
Contributions from non-Illinois Companies	\$ 37,112	104
Contributions from FIA based on "Guarantees" by Directors	\$ 11,000	
Interest	\$ 2,408	
Total Income	\$156,510	134
Expense:		
Actually paid	\$146,374	
Accounts Payable	\$ 7,453	
	\$153,827	
Balance of Funds on Hand	\$ 10,136	

Accordingly, sufficient funds are on hand to cover all expenses incurred to date. Pending two hearings on the economic impact report and a closing brief it appears that the target of \$171,000 for total expenses is still a good estimate. The Directors "guarantee" will provide the necessary funds.

TOLERANCES

Work was completed during the year by three special project committees who can look back on jobs well done. Committees on Hammer and Press Forging Tolerances (Chairman: C. B. Rader) and Upset Forging Tolerances (Chairman: S. T. Stefancich) have combined their respective efforts into one publication — "Guideline Tolerances for Hot Forged Impression Die Forgings - Hammer, Press and Upsetter" — which will be available to customers and producers in May.

Meanwhile, progress was also evident from the Special Project Committee on Precision Aluminum Tolerances (Chairman: P.S. Keeler) which has concluded content for a new booklet entitled: "The Facts and Guideline Tolerances for Precision Aluminum Forgings". Copies are targeted for distribution in Summer, 1978.

ENERGY

1977 data were added to the continuing series of annual reports compiled by FIA under the title "Energy Usage Survey, All Forging Operations." Some 250 forging plants took part, reporting annual usage of well over 100 trillion BTU's of energy.

In November, 1977 the Energy Research & Development Administration advised Lawrence Institute of Technology and FIA that their joint proposals for funding an industrial energy conservation program incorporating use of industrial vans for bringing-the-laboratory-to-the-plant type of conservation education were being dropped from consideration. While no reason, whatever, was offered for the turn-down despite earlier glowing enthusiasm for the proposal, repeated reorganizations of the nation's energy offices were believed to be a reason.

In light of this and ERDA's earlier proposed 24% voluntary energy reduction target for 1980 (based on 1972 usage), FIA's Board of Directors authorized (as reported earlier) formation of a Special Project Committee for Efficient Energy Utilization Education. Purpose: To establish framework and plans for a second field of formal education within the Association at the earliest practical time.



MANAGEMENT INFORMATION SYSTEMS

FIA's first Management Information Systems Conference held September 14-16 in Cleveland drew 84 registrants from 50 companies. Purpose: To share and compare MIS experience in the forging industry, whether at beginner, intermediate or advanced levels of involvement.

Under the guidance of C.G. (Dick) Scofield, FIA's director of marketing and management services, this conference was so well received that the Directors have authorized a follow-on conference for March, 1979. Moreover, a new special project committee (Chairman: L.D. Sharp) is already at work planning that conference.



OTHER NOTEWORTHY EVENTS

During the Association's 1977-78 year additional events worthy of mention in this progress report occurred as follows:

1. During the Banquet at the 1977 Annual Meeting Kathy Hendrix, secretary of the Association, was honored for her twenty-year service with FIA. Concurrently, Ella Petro and G. W. Weinfurter were recognized for their ten-year service.
2. The fourth annual Leadership Orientation for new Committee chairmen and new Directors was held June 14-15 in Cleveland. Purposes: to review FIA organizational concepts and to hear goal-setting recommendations offered in six hours of "Management by Objectives and Results" as presented by consultant George Morrissey.
3. In June George Weinfurter was elected secretary treasurer of the Cleveland Society of Association Executives for the 1977-78 year.
4. In connection with a 10-year lease renewal at FIA headquarters, (effective February 1, 1978), a newly-created conference room was launched into use July 20 by the Executive Committee. Created from former mail room and outside hall areas, the facility added only 216 square feet of space but allowed creation of three separate offices (with windows) from the former Conference Room.
5. Continuing education for staff executives at the Institute for Organizational Management sponsored by the national chamber occurred during the summer of 1977 as C.G. Scofield attended his third week of the programmed annual curriculum at the University of Delaware; concurrently, M. N. Winn completed his second week of the programmed annual instruction. G. W. Weinfurter served as an instructor in the program on Notre Dame, Mills College and Delaware campuses. In addition he attended a one week "Academy" course as part of the Institute's advanced programming.
6. A new educational booklet, "The Facts about Seamless Rolled Rings" was published and distributed in September. A creation of the Special Project Committee on Rolled Ring Tolerances the booklet was seen as a necessary fore-runner to the anticipated future publication of tolerances for forged rings. Content included a description of the seamless rolled ring product, a glossary of terms, production methods and equipment, design considerations and parameters for ordering seamless rolled rings.

7. Another FIA first — a Neighborhood Noise Control School — was held September 19-20 in the conference room at Rockford Drop Forge Co. Twenty-seven enrollees representing six states (including 17 from Illinois) took part with a faculty of Drs. A. A. Hendrickson and H. E. Evensen of Michigan Technological University. The school provided practical experience using sound level meters, data collection techniques and computations on sound and ventilation characteristics.
8. Eighty-four persons from North America were among 950 delegates and wives who attended the 9th International Forging Conference held in Kyoto, Japan, October 17-22, 1977. American speakers were: FIA President W.T. Walker; Wade Forman; Vincent Cassone; E.B. Blake; and R.W. Atkinson. Most delegates also took part in the technical visits to Japanese forge plants during the second week (October 23-27) of the international gathering.
9. Total attendance of 463 persons — including 219 member executives from 131 member companies — represented new highs for Winter Meeting participation. Location: Marco Beach Hotel in Marco Island, Florida. Dates: November 16-20.
10. The Headquarters' Staff Pension Plan, as approved by the Pension Committee and Board, was revised to conform to the Employee Retirement Income Security Act (ERISA) and was filed with the Internal Revenue Service prior to a December 31 deadline.
11. 1977 sales of impression die forgings by independent forging producers reached a record high of \$1.855 billion, 8% above the level of 1976. (See Chart). Only for aluminum forgings, however, did both valuation and weight shipped increase. (See trend charts — by type of material — on page 10).
12. In terms of end-use markets the combined automotive, truck, trailer share of forging industry shipments increased from 24.5% to 27.6%. The number two market — a combination of aircraft, aircraft-engines and missiles — declined from 24.2% to 21.5%.
13. The third, triennial Heating Equipment Symposium — with added emphasis on Energy Conservation — held January 24-26, 1978 at the Hyatt Regency O'Hare was the largest Heating Equipment Symposium to date with 274 representatives from 151 forging plants on hand to hear their choices among 51 different presentations. 57 different booth displays and a movie theater featuring heating equipment films also vied for attention. Total registrants, including press, reached 512! (The blizzard of '78 extended the stay of most attendees by at least an extra day!).
14. A new expanded version of the Forging Capability Chart made its debut at the Symposium. The 1978-79 edition included a new section defining the capabilities of open die forging members in a fashion similar to that used for producers of seamless rolled ring forgings. Marginal indexing of the separate sections for impression die, rings and open die forgings was also introduced. It is expected that all 15,000 copies will be used up in an 18-month period.
15. A three-man Investment Committee was named by President Walker in February to assume a leading role in reviewing performance of the FIA Reserve Fund and recommending investment policies for the Reserves. Appointees are: Chairman J. B. Enos; Franklyn Esenberg and E. W. Bettke.

FORGING INDUSTRY SALES* (includes all metals)	
Year	Millions of \$
1968	1066.5
1969	1087.2
1970	971.4
1971	933.7
1972	1079.6
1973	1314.7
1974	1582.6
1975	1643.7
1976	1714.3
1977	1855.2

* Drop, press and upset forgings produced and sold as such. Excludes output of forged catalog items and captive tonnage. Source: FIA

16. In late February FIA submitted an official request to the United States International Trade Commission for inserting certain forging entries into the current tariff schedules so that imports of the most commonly imported forged products can be statistically tracked. Cooperation from ITC has been outstanding and it is hoped that initial entries will become effective January 1, 1979.
17. Retired forging executive A. H. Milnes was elected an Honorary Member of the Association.
18. Staff members made 146 plant visits during the year, 124 to members and 22 to non-members.
19. Advance registrations for the May 1978 Annual Meeting at The Homestead in Hot Springs, Virginia number approximately 465 including 210 executives from 130 companies. However, it does not appear that the Annual Meeting record of 481 set in Monterey in 1977 will be reached.
20. The National Association of Drop Forgers and Stampers (United Kingdom) have announced that the 10th International Forging Conference will be held June 2-13, 1980. Conference week is scheduled in London while technical tours will follow in the Midlands.

CONCLUSION

In summary, 1977-78 was a good year! While we've barely scratched the surface of formal education within the Forging Industry, we have made a significant start and learned valuable lessons which should aid in future expansion of formal education.

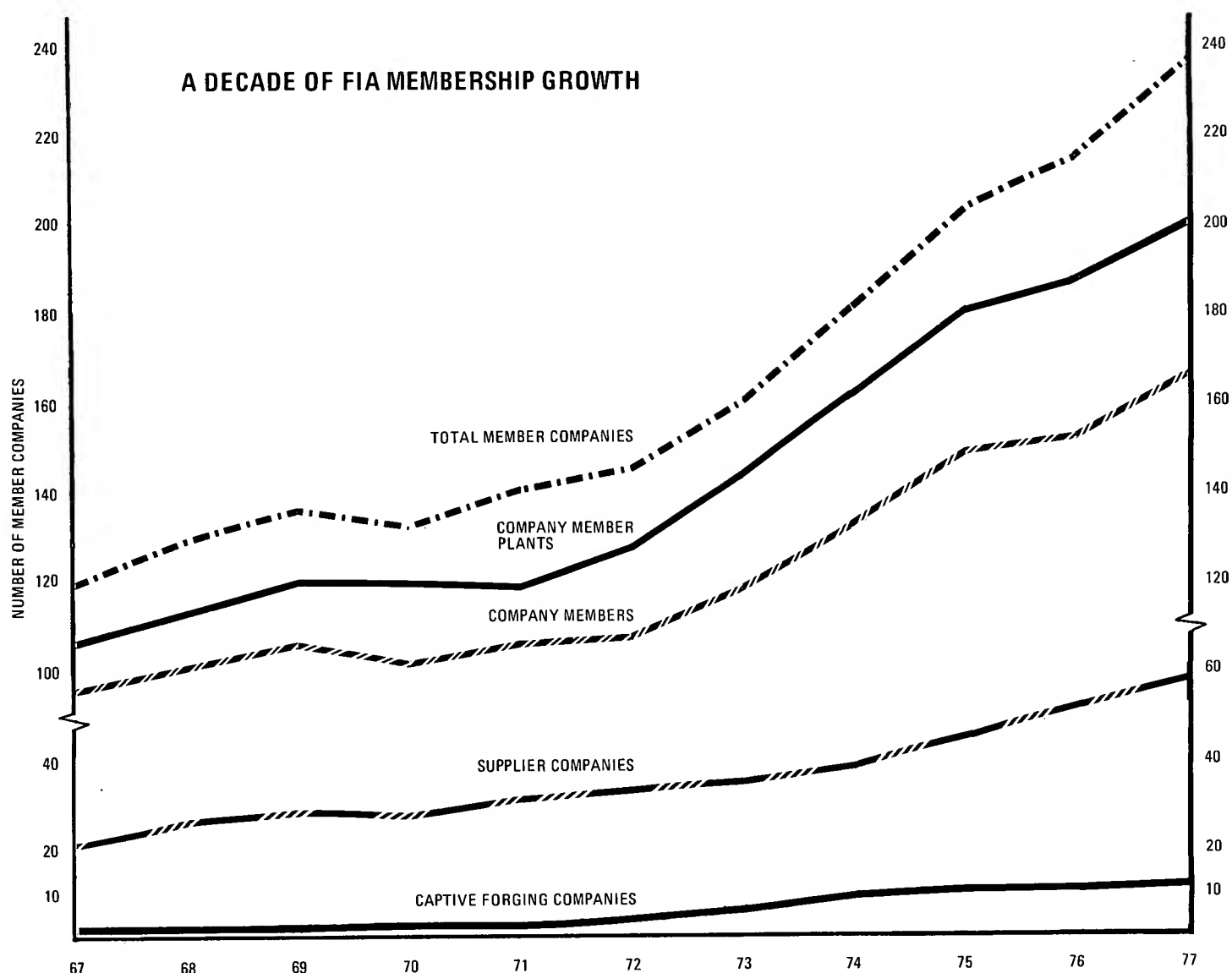
FIA has made valuable strides in adding to its representation base among producers of all types of forgings. Historically, FIA members have demonstrated their adeptness at convincing non-members to join, and through selective participation, put "first things first." Our aim is to make FIA services increasingly valuable so that we can continue to attract new members. New members also provide a broader base for continuing leadership within the Association.

Forging executives in growing numbers are speaking out forcefully to their elected representatives on subjects that directly affect their businesses. What's more, they're finding that it's not quite so difficult as they had thought. Much more needs to be done, however.

The Forging Industry can be proud of its high profile in contesting regulations. The seasoned judgment of FIA's elected leadership over the years, the weighing of strategies and the willingness to stand up and be counted are strengths we can continue to count on in the future.

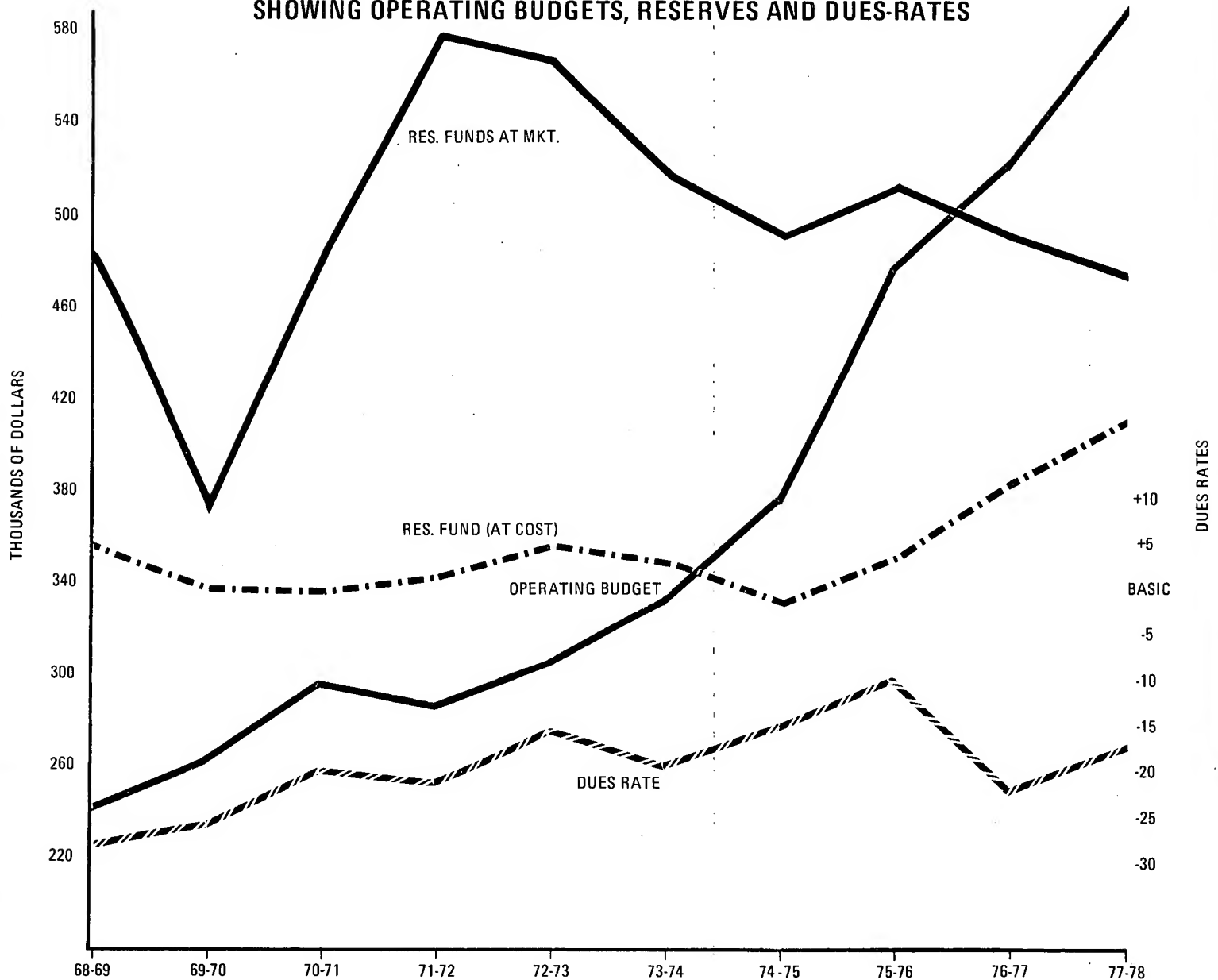
Robert W. Atkinson

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Executive Vice President
and Treasurer
Forging Industry Association



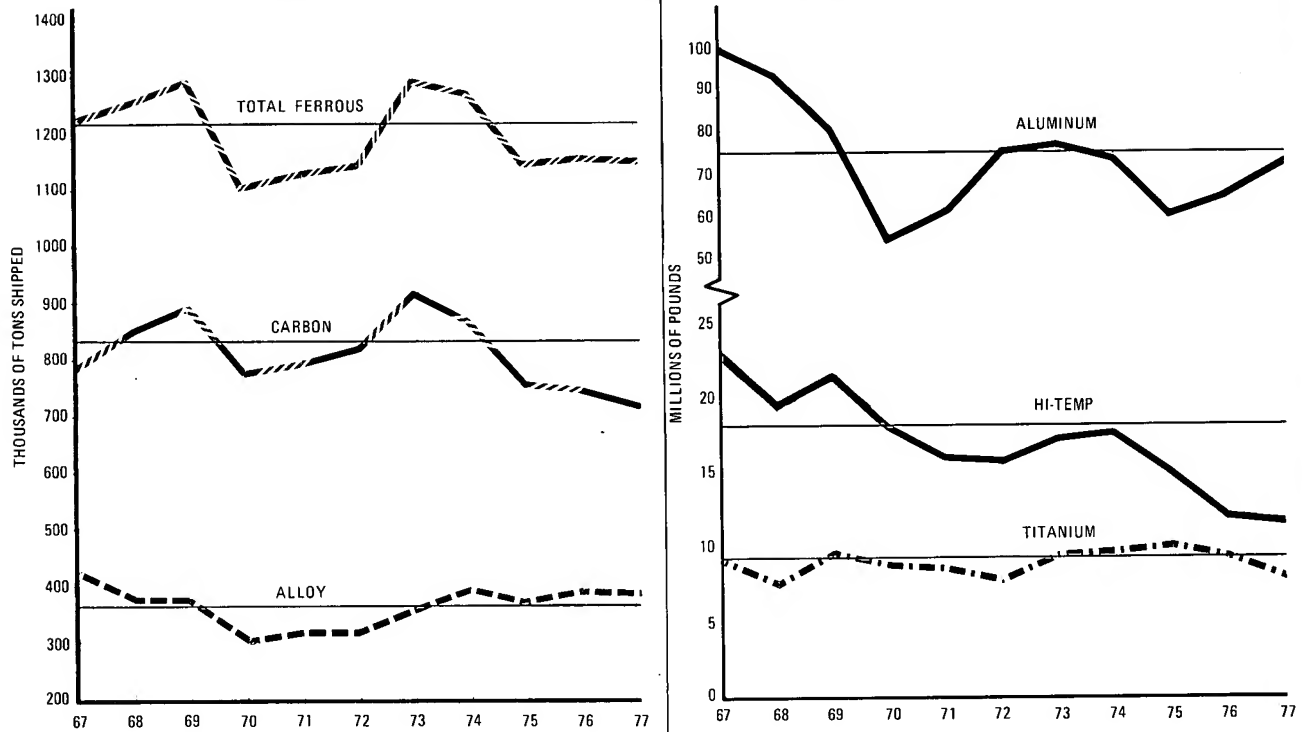
Since 1968, total FIA membership has increased 99% from 119 to 237 companies. The total number of forge plants also increased 99% from 109 to 217.

A DECADE OF FIA FINANCIAL TRENDS SHOWING OPERATING BUDGETS, RESERVES AND DUES-RATES



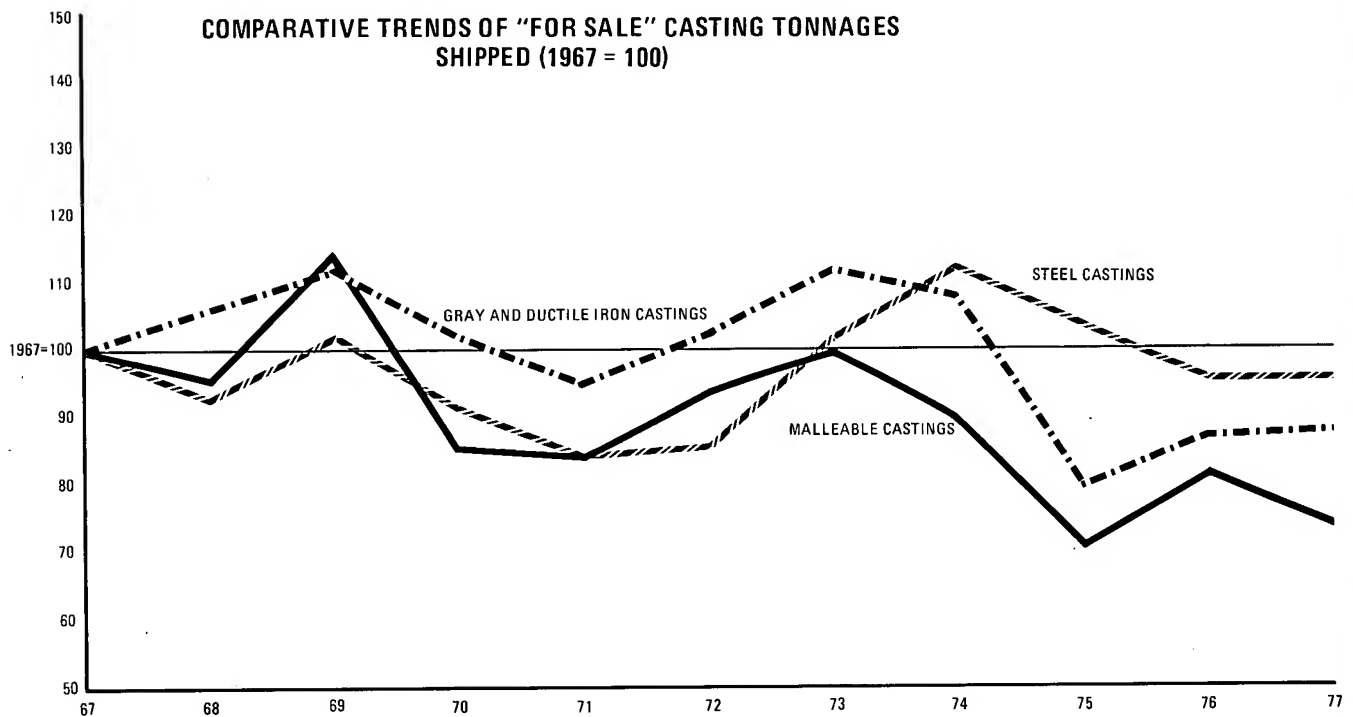
FIA's Operating Budget rose from \$245,000 in 1968-69 to \$593,000 in 1977-78 — an increase of 142%. The flexible dues rate continues to be a highly acceptable plan as Company Members who pay above the minimum rate received a 17% reduction from the 1977-78 basic dues schedule. Over the ten-year period, investments in the Reserve Fund have increased 1% in current market value while the total cost increased by 16%.

COMPARATIVE TRENDS OF "FOR SALE" FORGING WEIGHTS SHIPPED

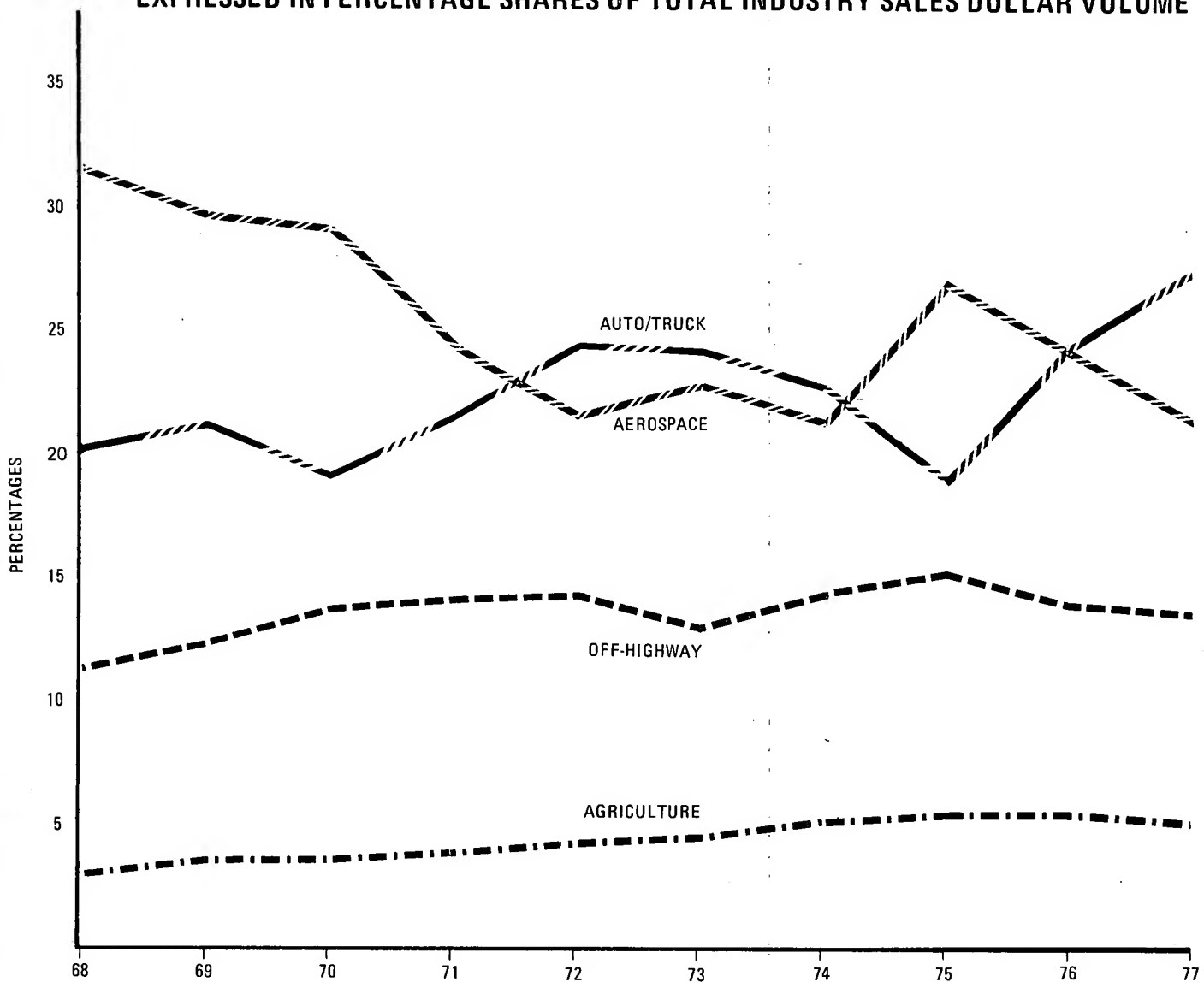


The graphs above chart the 11-year trends of commercial shipments of impression die forgings, by materials, in tonnages or pounds. The graph below portrays the 11-year trends of three different types of foundry products competitive to forging (base year 1967 = 100).

COMPARATIVE TRENDS OF "FOR SALE" CASTING TONNAGES SHIPPED (1967 = 100)



TRENDS OF FOUR MAJOR FORGING MARKETS, 1968-1977
EXPRESSED IN PERCENTAGE SHARES OF TOTAL INDUSTRY SALES DOLLAR VOLUME



Automotive/Truck forging sales have surged in the last two years to take over the No. 1 position among forging markets, accounting in 1977 for 27.6% of the industry's dollar volume of impression die forgings shipped by independent producers. The Aerospace forging market slipped to No. 2 with a 21.5% share.

Source: FIA.

A MESSAGE FROM YOUR PRESIDENT...



The continuing growth of FIA is clear and convincing proof of the values that have attracted and held our member companies over the years. FIA's net gain in membership since our 1973 Annual Meeting totals more than 90 companies.

Looking ahead to next year and the years that follow, we must not only preserve and strengthen the policies that have served us well, but beyond that, there are changes and challenges facing us that demand our attention and action.

In our relationship with government and society, we certainly have the privilege to question and to oppose proposals we believe detrimental or even harmful. But we must be constructive and forceful in backing up our positions with facts. We can do that best within the framework of FIA, and also through our friends in the Alliance of Metalworking Industries (AMI).

Our Industry sorely needs formal educational and training opportunities for our people.

And, of course, we need a consistent flow of reliable people coming into our Industry.

Whatever the challenges, I am confident that this Association — with its strong base of activity for concerned members — is prepared to meet successfully whatever problems the years ahead will bring. Your sustained interest and active participation are our Association's strong insurance for the future.

A handwritten signature in dark ink that reads "Willard T. Walker". The signature is written in a cursive, flowing style.

Willard T. Walker, FIA President
(President, Walker Forge, Inc.)

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